

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION

| | | |
|---------------------------------------|---|--|
| UNITED STATES OF AMERICA, |) | CASE NO. |
| |) | |
| Plaintiff, |) | |
| |) | JUDGE |
| v. |) | |
| |) | |
| MARK C. OLDS, |) | |
| SHIRLEY S. HAYNES, a.k.a. SHIRLEY |) | |
| GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. |) | <u>INDICTMENT</u> |
| SANDRA HAYNES, |) | Title 18, United States Code, Sections |
| TIMOTHY DANIELS, |) | 371, 1341, 1956(h), and 2 |
| CLEVELAND ACADEMY OF MATH, |) | |
| SCIENCE AND TECHNOLOGY, |) | |
| NEW OPPORTUNITY DEVELOPMENT |) | |
| AND MANAGEMENT SERVICES, INC., |) | |
| MCO MEDIA GROUP, INC., |) | |
| THE HAYNES GROUP, and |) | |
| ACADEMY TRANSPORT, INC., |) | |
| |) | |
| Defendants. |) | |

The Grand Jury charges:

COUNT 1
(Conspiracy)

At all times material herein:

1. Between July 2001 and December 2003, the exact dates unknown to the Grand Jury, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendants, MARK

C. OLDS, SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, TIMOTHY DANIELS, CLEVELAND ACADEMY OF MATH, SCIENCE AND TECHNOLOGY, NEW OPPORTUNITY DEVELOPMENT AND MANAGEMENT SERVICES, MCO MEDIA GROUP, INC., THE HAYNES GROUP, and ACADEMY TRANSPORT, INC., together with other persons whose identities are known and unknown to the Grand Jury, did unlawfully, willfully and knowingly combine, conspire, confederate and agree with one another to commit offenses against the United States, specifically, money laundering, in violation of Title 18, United States Code, Section 1956(a)(1), and mail fraud, in violation of Title 18, United States Code, Section 1341.

GENERAL ALLEGATIONS

At all times material herein:

2. CLEVELAND ACADEMY OF MATH, SCIENCE AND TECHNOLOGY (hereinafter "CAMST"), was a community school, also known as a "charter school," located in Cleveland, Ohio, and funded by the Ohio Department of Education (hereinafter "ODE") and the United States Department of Education. CAMST contracted with ODE in July 2002 to operate as a community school in Cleveland, Ohio, and received taxpayer funding from the State of Ohio to operate. CAMST operated as a community school from September 2002 through November 2003.

3. MARK C. OLDS (hereinafter "OLDS") was a member of the CAMST Development Team and represented himself as being the President of CAMST. In this capacity, OLDS exercised full control over the financial activity and daily operations of CAMST.

4. NEW OPPORTUNITY DEVELOPMENT AND MANAGEMENT SERVICES, INC. (hereinafter "NEW OPPORTUNITY") was owned and controlled by OLDS and incorporated by OLDS as an Ohio corporation in September 2002. NEW OPPORTUNITY was retained by CAMST prior to incorporation in May 2002 to act as the school's management company, responsible to oversee the operation of the school. Between May 2002 and December 2003, NEW OPPORTUNITY received \$1,272,683 in direct payments from CAMST.

5. NEW OPPORTUNITY purchased a building located at 7115 Woodland Avenue, Cleveland, Ohio, in August 2002, with approximately \$202,500 of CAMST funds, for the purpose of renovating the building for CAMST to use as its school location. NEW OPPORTUNITY thereafter sold the property to a third party on July 6, 2004, for \$560,000, the proceeds of which went to OLDS through NEW OPPORTUNITY for his personal use. In addition, during the time OLDS was renovating the building at 7115 Woodland Avenue with CAMST funds, CAMST paid NEW OPPORTUNITY an additional \$100,000 in lease payments for using the property.

6. MCO MEDIA GROUP, INC. (hereinafter "MCO") was owned and controlled by OLDS and incorporated by OLDS as an Ohio corporation in May 2000. Between May 2002 and December 2003, MCO received approximately \$46,650 in payments from CAMST.

7. SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, (hereinafter "HAYNES"), was the Treasurer of CAMST and a member of the school's Governing Authority. In her capacity, HAYNES was responsible for the financial activity and daily operation of the school.

8. THE HAYNES GROUP was owned and controlled by HAYNES and incorporated by HAYNES as an Ohio corporation in October 2000. THE HAYNES GROUP was retained by CAMST to provide administrative support and janitorial services to CAMST. Between May 2002 and December 2003, THE HAYNES GROUP received approximately \$40,437 in payments from CAMST, of which \$16,037 was routed through NEW OPPORTUNITY and MCO.

9. ACADEMY TRANSPORT, INC., was owned and controlled by HAYNES and incorporated by HAYNES as an Ohio corporation in December 2002. ACADEMY TRANSPORT was retained by CAMST in December 2002 to provide transportation for the school's students. Between May 2002 and December 2003, ACADEMY TRANSPORT received \$289,586 in payments from CAMST, although of the five vehicles for which ACADEMY TRANSPORT billed CAMST for transportation services, two vehicles had never passed inspection, and the remaining three vehicles had never been inspected at all.

10. TIMOTHY DANIELS (hereinafter "DANIELS"), was a member of the CAMST Development Team and Governing Authority, and Chairman of the Board of CAMST. In this capacity, DANIELS was responsible for the financial activity of the school and the school's daily operations.

11. During all times relevant herein, DANIELS owned and controlled Bright Ideas Management and Consulting (hereinafter "Bright Ideas") a company operated out of Phoenix, Arizona. Between May 2002 and December 2003, CAMST paid Bright Ideas \$31,003.

12. DANIELS owned and controlled Curtis Enterprise, a company operated out of Arizona. Between May 2002 and December 2003, CAMST issued \$101,000 in checks to Curtis

Enterprise and \$15,000 in checks to “Harry Curtis,” all of which were endorsed by DANIELS. DANIELS also opened a bank account for Curtis Enterprise on August 27, 2002, at Bank One, using the same address as that used by NEW OPPORTUNITY and MCO.

13. The level of funding that a community school received from the State of Ohio was based on the number of students enrolled in that school. Each community school reported the number of its enrolled students electronically over the Internet to ODE through an intermediary data collection company in Archbold, Ohio, named North West Ohio Computer Association (hereinafter “NWOCA”). NWOCA relayed the pertinent information to ODE, which relied on the community schools’ representations in determining what amount to pay each school.

14. ODE paid CAMST approximately \$5,281 per student enrolled in CAMST for each school year. Payments were made on a monthly basis in the form of State of Ohio warrants issued by the Ohio Auditor of State’s Office, and mailed to CAMST.

15. From June 2002, through December 2003, CAMST submitted fraudulent monthly reports to ODE in which CAMST inflated the number of students enrolled at the school, falsely reporting as many as 681 enrolled students, when in fact the number of students enrolled never exceeded more than approximately one hundred.

16. In reliance on CAMST’s fraudulent monthly reports of student enrollment in the school, ODE paid CAMST approximately \$2,858,199 in school foundation payments, of which approximately \$2,175,000 represented overpayments resulting from the school’s fraudulently inflated enrollment numbers.

17. OLDS, HAYNES and DANIELS fraudulently diverted more than \$2,175,000 from CAMST for their personal benefit by having CAMST contract with companies they owned

and controlled, with the purported purpose of providing the school with services that were either not provided to the school, not related to school business, or provided at costs far in excess of their market value.

MANNER AND MEANS

In furtherance of the conspiracy, the Defendants and their co-conspirators employed the following manner and means:

18. OLDS, HAYNES and DANIELS established CAMST in 2002 as a publicly funded community school, commonly referred to as a “charter school,” teaching kindergarten through 12th grade. The level of funding CAMST received from the State of Ohio related directly to the number of students enrolled at the school, which CAMST was required to report to ODE on a monthly basis. The more students enrolled at CAMST, the more money CAMST received from the State.

19. Between June 2002 and December 2003, OLDS, HAYNES and DANIELS caused CAMST to submit fraudulent monthly reports to ODE in which CAMST inflated the number of students enrolled in the school, falsely reporting as many as 681 enrolled students, when in fact the number of students enrolled never exceeded more than one hundred. In reliance on CAMST’s fraudulent representations, ODE paid CAMST approximately \$2,858,199 in school foundation payments, of which approximately \$2,175,000 represented overpayments resulting from the school’s fraudulently inflated enrollment numbers. The majority of these payments were delivered to CAMST via the United States mail.

20. OLDS, HAYNES and DANIELS embezzled funds from CAMST by establishing shell companies that appeared to contract with CAMST to provide the school with various

services. In fact, these shell companies served no purpose other than to inflate costs to CAMST and to take excessive payments from CAMST for services that were not provided, or provided at costs far in excess of their market value.

21. Between September 2002 and June 2003, CAMST held classes at the Second Ebenezer Baptist Church, located at 1881 East 71st Street in Cleveland. The legal maximum occupancy allowed at the facility did not exceed 150 persons. OLDS arranged for CAMST to enter into a lease agreement with NEW OPPORTUNITY whereby CAMST paid NEW OPPORTUNITY, which held no financial interest in the property, \$14,000 per month and a \$10,000 security deposit, to lease the property from the church. OLDS signed the lease agreement on behalf of NEW OPPORTUNITY, and DANIELS signed the lease on behalf of CAMST.

22. OLDS thereafter entered into an agreement with Second Ebenezer Baptist Church for the church to lease the property to NEW OPPORTUNITY for \$2,500 per month plus utilities. For the school year 2002 - 2003 when CAMST held its classes at Second Ebenezer Baptist Church, CAMST paid NEW OPPORTUNITY \$136,000 to lease the property.

23. The majority of CAMST's classes taught at Second Ebenezer Baptist Church had enrollment of less than 10 students per class, and were taught in a single room with no partitions, specifically, the building's dining facility.

24. CAMST failed to provide its students with up to date, or sufficient number of textbooks, providing instead out of date second-hand textbooks that HAYNES purchased from a company located in Arizona, the Arizona Book Depository.

25. In August 2002, OLDS purchased a building located at 7115 Woodland Avenue in Cleveland, through NEW OPPORTUNITY, using approximately \$202,500 of CAMST funds, with the intent of using the building as CAMST's school location. CAMST paid an additional \$197,250 to NEW OPPORTUNITY and \$192,780 to other vendors to repair the building's major mechanical systems, including the heating and plumbing systems, and to bring the building up to code. CAMST held classes at 7115 Woodland Avenue for only three months, September through November 2003.

26. On July 6, 2004, OLDS sold the 7115 Woodland Avenue building to a third party for \$560,000 and kept the proceeds for his personal benefit. Moreover, during the time OLDS was renovating the building at 7115 Woodland Avenue with CAMST funds, CAMST paid NEW OPPORTUNITY an additional \$100,000 in lease payments for using the property. CAMST also paid \$2,379 for utility payments that NEW OPPORTUNITY was obligated to pay, pursuant to its lease agreement with CAMST.

27. During the three months that CAMST held classes at 7115 Woodland Avenue, the building's heating did not function, and on one occasion, a wall in one of the classrooms collapsed during class hours, in close proximity to the children in the classroom. Students and teachers alike were required to wear their winter coats and gloves during class to stay warm. In addition, CAMST at times failed to provide sufficient food to the students during lunch, resulting in students arriving toward the end of the lunch period not receiving any lunch on those days.

28. In January 2003, CAMST contracted with ACADEMY TRANSPORT to provide bus service for its students at a rate of \$900 per bus per week for the period January, 2003 through June, 2003, and \$1,500 per bus per week beginning in September, 2003. CAMST paid

ACADEMY TRANSPORT for the use of two buses for the period January 2003 through June 2003, and five buses for the period September 2003 through November 2003. In total, CAMST paid ACADEMY TRANSPORT \$289,585.80, although under the terms of the contract, CAMST should have paid only \$127,320. Moreover, compared with what CAMST was paying its prior transport company before HAYNES arranged for ACADEMY TRANSPORT to handle the service, CAMST would have only paid \$47,250 for transportation services, versus the \$289,585.80 paid to HAYNES and ACADEMY TRANSPORT.

29. Furthermore, of the five vehicles for which ACADEMY TRANSPORT billed CAMST, two of the vehicles failed to pass inspection and could not legally be used to transport children, while the remaining three vehicles were never inspected at all, and similarly, could not legally be used to transport children.

30. In addition to inflating costs to CAMST through contracts that added no value to the school's mission, OLDS, HAYNES and DANIELS regularly received funds from CAMST bank accounts for their personal use, including paying personal credit card balances, furniture, computers, and in one case, an aquarium for OLDS.

OVERT ACTS

31. In furtherance of the conspiracy and to effect the objects thereof, the Defendants committed the following overt acts:

(1) On or about July 31, 2001, OLDS, HAYNES and DANIELS submitted an "Application to the Ohio State Board of Education for a Community School" to ODE requesting a \$50,000 grant to help establish CAMST.

(2) On or about April 30, 2002, the State of Ohio, Auditor of State, issued a Warrant, warrant number 4054592, in the amount of \$50,000 payable to CAMST.

(3) On or about May 14, 2002, NEW OPPORTUNITY contracted with CAMST to act as the school's management company to oversee the school's operation.

(4) On or about July 19, 2002, CAMST entered into a contract with the ODE establishing CAMST as a community school to be funded by the State of Ohio. The contract identified defendants HAYNES and DANIELS as members of the school's Governing Authority.

(5) On or about September 12, 2002, OLDS incorporated NEW OPPORTUNITY, a for-profit corporation, with the State of Ohio Secretary of State's Office.

(6) On or about December 12, 2002, HAYNES incorporated ACADEMY TRANSPORT, a for-profit corporation, with the State of Ohio Secretary of State's Office.

a. On or about the following dates, CAMST submitted monthly reports to ODE in which CAMST falsely inflated the number of students enrolled at the school:

| <u>Overt Act</u> | <u>Report Date</u> | <u>Number of Students</u> |
|------------------|--------------------|---------------------------|
| 7 | 6 - 24 - 02 | 303 |
| 8 | 7 - 24 - 02 | 672 |
| 9 | 8 - 26 - 02 | 664 |
| 10 | 9 - 24 - 02 | 681 |
| 11 | 10 - 24 - 02 | 681 |
| 12 | 11 - 25 - 02 | 380 |
| 13 | 12 - 24 - 02 | 380 |
| 14 | 1 - 24 - 03 | 339 |
| 15 | 2 - 24 - 03 | 356 |
| <u>Overt Act</u> | <u>Report Date</u> | <u>Number of Students</u> |

| | | |
|----|--------------|-----|
| 16 | 3 - 24 - 03 | 358 |
| 17 | 4 - 24 - 03 | 364 |
| 18 | 5 - 26 - 03 | 381 |
| 19 | 6 - 24 - 03 | 431 |
| 20 | 7 - 24 - 03 | 434 |
| 21 | 8 - 25 - 03 | 490 |
| 22 | 9 - 24 - 03 | 423 |
| 23 | 10 - 24 - 03 | 218 |
| 24 | 11 - 24 - 03 | 217 |
| 25 | 12 - 24 - 03 | 162 |

b. On or about the following dates, the State of Ohio issued Auditor of State warrants that were mailed to CAMST via the United States mail:

| <u>Overt Act</u> | <u>Date</u> | <u>Warrant Number</u> | <u>Amount</u> |
|------------------|-------------|-----------------------|---------------|
| 26 | 7 - 8 - 02 | 4220428 | \$ 130,639.65 |
| 27 | 8 - 6 - 02 | 4296974 | \$ 332,087.07 |
| 28 | 9 - 9 - 02 | 4391075 | \$ 327,388.87 |
| 29 | 9 - 13 - 02 | 4405404 | \$ 150,000.00 |
| 30 | 10 - 7 - 02 | 4474144 | \$ 338,735.14 |
| 31 | 11 - 7 - 02 | 4562301 | \$ 338,735.15 |
| 32 | 12 - 9 - 02 | 4643884 | \$ 84,451.03 |
| 33 | 1 - 8 - 03 | 4710489 | \$ 72,779.04 |
| 34 | 2 - 10 - 03 | 4018130 | \$ 29,003.46 |
| 35 | 3 - 10 - 03 | 4092055 | \$ 45,000.00 |
| 36 | 3 - 11 - 03 | 4096605 | \$ 53,912.31 |
| <u>Overt Act</u> | <u>Date</u> | <u>Warrant Number</u> | <u>Amount</u> |

| | | | |
|----|--------------|---------|---------------|
| 37 | 4 - 14 - 03 | 4190062 | \$ 53,317.15 |
| 38 | 10 - 8 - 03 | 4666085 | \$ 189,332.64 |
| 39 | 12 - 10 - 03 | 4062408 | \$ 11,323.40 |
| 40 | 12 - 10 - 03 | 4062415 | \$ 12,009.83 |

OVERT ACTS INVOLVING NEW OPPORTUNITY

(41) On or about May 14, 2002, NEW OPPORTUNITY entered into a contract with CAMST to provide management services for the school. The contract was signed by OLDS and DANIELS. Appendix D of the contract stated that NEW OPPORTUNITY would be paid 10 per cent of the total expenditure budget of the school. During the school's operation, CAMST paid NEW OPPORTUNITY approximately \$540,470 in management fees and start up costs, separate and apart from other payments NEW OPPORTUNITY received.

(42) On or about September 26, 2002, CAMST entered into a lease agreement with NEW OPPORTUNITY whereby CAMST paid NEW OPPORTUNITY \$14,000 per month and a \$10,000 security deposit, to lease property located at 1881 East 71st Street, Cleveland that was owned by Second Ebenezer Baptist Church. OLDS signed the lease agreement on behalf of NEW OPPORTUNITY, and DANIELS signed the lease on behalf of CAMST.

(43) In or about September 2002, OLDS, through NEW OPPORTUNITY, entered into a separate lease agreement with Second Ebenezer Baptist Church in which NEW OPPORTUNITY would pay the church \$2,500 per month plus utilities to lease the property located at 1881 East 71st Street, Cleveland

(44) During the school year 2002 - 2003, CAMST made nine monthly lease

payments to NEW OPPORTUNITY to lease the property located at 1881 East 71st Street, Cleveland, totaling \$136,000.

(45) On or about August 1, 2002, OLDS, through NEW OPPORTUNITY, purchased a building located at 7115 Woodland Avenue in Cleveland, using approximately \$202,500 of CAMST funds.

(46) On or about July 6, 2004, OLDS, through NEW OPPORTUNITY, sold the 7115 Woodland Avenue building to a third party for \$560,000 and kept the proceeds for himself.

(47) On or about November 14, 2002, CAMST paid \$40,000 to NEW OPPORTUNITY as lease payments for use of the 7115 Woodland Avenue property.

(48) Between on or about August 8, 2003 and October 15, 2003, CAMST paid \$60,000 to NEW OPPORTUNITY as lease payments for using the 7115 Woodland Avenue property.

(49) In November and December 2002, HAYNES used the CAMST debit card to purchase an aquarium, leather furniture and a computer desk for OLDS for his office at NEW OPPORTUNITY, totaling just under \$3,000.

OVERT ACTS INVOLVING MCO MEDIA GROUP

(50) On or about May 6, 2002, CAMST paid MCO \$34,900 of the \$50,000 grant CAMST received from the State of Ohio. MCO was paid with check number 999990, drawn on the CAMST Bank One "Basic Business Checking Account," account number 633883921, check # 999990, and signed by HAYNES.

(51) On or about May 15 2002, CAMST paid MCO \$3,600 with check number 999993, drawn on the CAMST Bank One "Basic Business Checking Account," account number 633883921, and signed by HAYNES.

(52) Between July 16, 2002, and December 11, 2002, MCO made four payments totaling \$8,472 to THE HAYNES GROUP for "consultant support," "reception hall furniture," "data entry" and "furnishings."

OVERT ACTS INVOLVING ACADEMY TRANSPORT

(53) On or about December 16, 2002, CAMST contracted with ACADEMY TRANSPORT to provide bus service for its students at a rate of \$900 per bus per week for the period January, 2003 through June, 2003, and \$1,500 per bus per week beginning in September, 2003.

(54) On or about December 16, 2002, HAYNES forged the signature of her son, Michael Robinson, on the contract between CAMST and ACADEMY TRANSPORT.

(55) In January 2003, HAYNES opened two bank accounts at Bank One, account numbers 633884234 and 633884226 for ACADEMY TRANSPORT on which she was the sole signatory.

(56) Between on or about February 13, 2003, and October 30, 2003, CAMST made approximately 30 payments to ACADEMY TRANSPORT with checks signed by HAYNES, totaling \$289,585.80, for services allegedly relating to the transportation of CAMST students. HAYNES deposited the payments into each of the two bank accounts she opened at Bank One in January 2003.

All in violation of Title 18, United States Code, Section 371.

The Grand Jury further charges:

COUNTS 2 - 16
(Mail Fraud)

1. The Grand Jury realleges as if fully set forth herein, all of the allegations of Count 1, except those contained in Paragraph 1 thereof.

2. Beginning on or about July 8, 2002, and continuing through on or about December 10, 2003, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendants, MARK C. OLDS, SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, TIMOTHY DANIELS, CLEVELAND ACADEMY OF MATH, SCIENCE AND TECHNOLOGY, NEW OPPORTUNITY DEVELOPMENT AND MANAGEMENT SERVICES, MCO MEDIA GROUP, INC., THE HAYNES GROUP, and ACADEMY TRANSPORT, INC., together with other persons whose identities are known and unknown to the Grand Jury, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, correspondence and other materials, including State of Ohio warrants issued by the Ohio Auditor of State, as set forth below, to be sent and delivered by the U.S. Postal Service, and took and received therefrom said items, and knowingly caused said items to be delivered by mail according to the directions thereon:

Count

Date

Warrant Number

Count

| | | | |
|----|--------------|---------|---------------|
| 2 | 7 - 8 - 02 | 4220428 | \$ 130,639.65 |
| 3 | 8 - 6 - 02 | 4296974 | \$ 332,087.07 |
| 4 | 9 - 9 - 02 | 4391075 | \$ 327,388.87 |
| 5 | 9 - 13 - 02 | 4405404 | \$ 150,000.00 |
| 6 | 10 - 7 - 02 | 4474144 | \$ 338,735.14 |
| 7 | 11 - 7 - 02 | 4562301 | \$ 338,735.15 |
| 8 | 12 - 9 - 02 | 4643884 | \$ 84,451.03 |
| 9 | 1 - 8 - 03 | 4710489 | \$ 72,779.04 |
| 10 | 2 - 10 - 03 | 4018130 | \$ 29,003.46 |
| 11 | 3 - 10 - 03 | 4092055 | \$ 45,000.00 |
| 12 | 3 - 11 - 03 | 4096605 | \$ 53,912.31 |
| 13 | 4 - 14 - 03 | 4190062 | \$ 53,317.15 |
| 14 | 10 - 8 - 03 | 4666085 | \$ 189,332.64 |
| 15 | 12 - 10 - 03 | 4062408 | \$ 11,323.40 |
| 16 | 12 - 10 - 03 | 4062415 | \$ 12,009.83 |

All in violation of Title 18, United States Code, Sections 1341 and 2.

The Grand Jury further charges:

COUNT 17
(Money Laundering Conspiracy)

1. The Grand Jury realleges as if fully set forth herein, all of the allegations of Count 1, except those contained in Paragraph 1 thereof.

2. Between July 2001 and December 2003, the exact dates unknown to the Grand Jury, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendants, MARK C. OLDS, SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, TIMOTHY DANIELS, CLEVELAND ACADEMY OF MATH,

SCIENCE AND TECHNOLOGY, NEW OPPORTUNITY DEVELOPMENT AND MANAGEMENT SERVICES, MCO MEDIA GROUP, INC., THE HAYNES GROUP, and ACADEMY TRANSPORT, INC., together with other persons whose identities are known and unknown to the Grand Jury (hereinafter the “DEFENDANTS”), did knowingly and willfully conspire together and with each other to:

(a) conduct and attempt to conduct financial transactions involving property that represented the proceeds of specified unlawful activity, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, with the intent to promote the carrying on of the specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(A)(i);

(b) conduct and attempt to conduct financial transactions involving property that represented the proceeds of specified unlawful activity, knowing that the property involved in the financial transactions represented the proceeds of some form of unlawful activity, and knowing that the transactions were designed in whole and in part to conceal and disguise the nature, the location, the source, the ownership, and the control of the proceeds of specified unlawful activity, in violation of Title 18, United States Code, Section 1956(a)(1)(B)(i); and

(c) to knowingly engage and attempt to engage, in the United States, in monetary transactions affecting interstate commerce, in criminally derived property that was of a value greater than \$10,000 and was derived from specified unlawful activity, in violation of Title 18, United States Code, Section 1957(a).

3. For the purpose of the preceding paragraph, the specified unlawful activity

consisted of mail fraud, in violation of Title 18, United States Code, Section 1341.

MANNER AND MEANS

In furtherance of the conspiracy, the DEFENDANTS and their co-conspirators employed the following manner and means:

4. The Grand Jury realleges, as if fully set forth herein, all of the allegations of Paragraphs 18 through 30 of Count 1 of this Indictment.

5. OLDS, HAYNES and DANIELS opened bank accounts at Bank One and First Merit, into which they deposited funds that CAMST received from the State of Ohio. These funds were then used to pay the salaries of teachers employed by CAMST as well as other payments relating to the ongoing business of the school, including school supplies, telephone and utility bills. The funds were also used as payments to OLDS, HAYNES, DANIELS and companies they controlled, as well as contractors performing work at the property located at 7115 Woodland Avenue paid for by CAMST and owned by NEW OPPORTUNITY.

OVERT ACTS

6. In furtherance of the conspiracy and to effect the objects thereof, the DEFENDANTS committed the following overt acts:

(1) The Grand Jury realleges, as if fully set forth herein, all of the allegations of Paragraph 31 of Count 1 of this Indictment.

(2) On or about January 31, 2002, OLDS, HAYNES and DANIELS opened an account at Bank One, Basic Business Checking Account number 633883921.

(3) On or about August 12, 2002, OLDS, HAYNES and DANIELS opened an

account at Bank One, account number 633884093.

(4) On or about January 29, 2003, OLDS, HAYNES and DANIELS opened an account at First Merit, Payroll Account number 5170003294.

(5) On or about January 30, 2003, OLDS, HAYNES and DANIELS opened an account at First Merit, General Business Account number 5170003286.

(6) From approximately September 2002 through January 2003, OLDS, HAYNES and DANIELS used funds from Bank One, Basic Business Checking Account number 633883921 to pay the salaries of teachers employed by CAMST as well as other payments relating to the ongoing business of the school, including school supplies, telephone and utility bills.

(7) From approximately February 2003 through November 2003, OLDS, HAYNES and DANIELS used funds from First Merit, Payroll Account number 5170003294 to pay the salaries of teachers employed by CAMST, while continuing to use Bank One account number 633883921 to make payments relating to the ongoing business of the school, including school supplies, telephone and utility bills.

(8) Between approximately August 12, 2002, and October 15, 2003, CAMST issued checks to NEW OPPORTUNITY in the amount of approximately \$30,910 per check for management fees, which OLDS deposited into First Merit account number 5170002298 on behalf of NEW OPPORTUNITY. These payments represented the proceeds of mail fraud and were monetary transactions affecting interstate commerce with a value greater than \$10,000.

(9) On or about July 12, 2002, CAMST issued a check to NEW

OPPORTUNITY, check number 1506, in the amount of \$92,500 for start up fees, which OLDS deposited into First Merit account number 5170002298 on behalf of NEW OPPORTUNITY.

This payments represented the proceeds of mail fraud and was a monetary transaction affecting interstate commerce with a value greater than \$10,000.

(10) On or about August 12, 2002, CAMST issued a check to NEW OPPORTUNITY, check number 1516, in the amount of \$92,960 for start up fees, which OLDS deposited into First Merit account number 5170002298 on behalf of NEW OPPORTUNITY.

This payments represented the proceeds of mail fraud and was a monetary transaction affecting interstate commerce with a value greater than \$10,000.

(11) Between approximately September 2002 and June 2003, CAMST issued checks to NEW OPPORTUNITY of approximately \$14,000 each month for lease payments for property located at 1881 East 71st Street, Cleveland, and owned by Second Ebenezer Baptist Church. These payments represented the proceeds of mail fraud and were monetary transactions affecting interstate commerce with a value greater than \$10,000.

(12) On or about September 12, 2002, CAMST issued a check to NEW OPPORTUNITY in the amount of \$202,500, the stated purpose in the memo portion of the check which read "construction/renovation." OLDS used these funds to purchase a building located at 7115 Woodland Avenue in Cleveland, in the name of NEW OPPORTUNITY. This payment represented the proceeds of mail fraud and was a monetary transaction affecting interstate commerce with a value greater than \$10,000.

All in violation of Title 18, United States Code, Sections 1956(h).

The Grand Jury further charges:

COUNT 18
(Mail Fraud)

Beginning on or about January 12, 2003, and continuing through on or about October 23, 2003, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, to wit: filing for and receiving unemployment insurance benefits from the State of Ohio while she was actively employed by the CLEVELAND ACADEMY OF MATH, SCIENCE AND TECHNOLOGY (hereinafter "CAMST"), for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, certifications signed by HAYNES to the Ohio Department of Family Services, Office of Unemployment Compensation, in which HAYNES falsely certified that she was unemployed and entitled to unemployment benefits, when in fact she was actively employed by CAMST, resulting in her receiving approximately \$12,285 from the State of Ohio, to be sent and delivered by the Postal Service, and took and received therefrom said items, and knowingly caused said items to be delivered by mail according to the directions thereon.

All in violation of Title 18, United States Code, Sections 1341 and 2.

The Grand Jury further charges:

COUNT 19

(Mail Fraud)

Beginning on or about February 4, 2004, and continuing through on or about August 10, 2004, in the Northern District of Ohio, Eastern Division, and elsewhere, the defendant, SHIRLEY S. HAYNES, a.k.a. SHIRLEY GRAY, a.k.a. SHIRLEY ROBINSON, a.k.a. SANDRA HAYNES, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money by means of false and fraudulent pretenses, representations, and promises, to wit: filing for and receiving unemployment insurance benefits from the State of Ohio, using a fictitious social security number, date of birth and home address to receive unemployment benefits that she was not entitled to receive, for the purpose of executing such scheme and artifice and attempting so to do, placed and caused to be placed, in a post office and authorized depository for mail matter, State of Ohio warrants issued by the Ohio Department of Family Services, Office of Unemployment Compensation, totaling approximately \$8,398, to be sent and delivered by the Postal Service, and took and received therefrom said items, and knowingly caused said items to be delivered by mail according to the directions thereon.

All in violation of Title 18, United States Code, Sections 1341 and 2.

Original document -- Signatures on file with the Clerk of Courts, pursuant to the E-Government Act of 2002.

United States v. Mark C. Olds, et al.

A TRUE BILL.

FOREPERSON

CRAIG S. MORFORD
ACTING UNITED STATES ATTORNEY